

Organizations that make application to the Department of Revenue and are determined to be exclusively religious, educational, or charitable, receive an exemption identification number (an "E" number). See 86 Ill. Adm. Code 130.2007. (This is a GIL).

April 16, 2001

Dear Xxxxx:

This letter is in response to your letter dated March 15, 2001. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120(b) and (c), which can be found on the Department's Web site at [www.revenue.state.il.us/legalinformation/regs/part1200](http://www.revenue.state.il.us/legalinformation/regs/part1200).

In your letter, you have stated and made inquiry as follows:

The AAA have filed quarterly ST-1 forms for our first year in operation in the year 2000. We only owed, and paid, a total of \$261 in retail sales tax.

Through the past year I have been in touch with many BBB organizations throughout the State of Illinois, as well as around the world, as a part of an email listing for the CCC. The feedback I receive is that we are a minority by having to collect and pay retail sales tax on the sale of books that are donated to our library. In fact, California's Taxation Code Section 6370 makes all BBB exempt from paying tax on anything sold in a book sale or ongoing sales in a BBB library store. My understanding is that similar legislation exists for the State of Washington.

I would like to request that our organization be exempt from paying retailers occupation tax. Many BBB exist in the State of Illinois, but very few have been required to pay sales tax on their fundraising efforts. If this is not appropriate, then I would request that we only be required to pay taxes on an annual basis due to the fact that we are volunteers within minimal time to spare and the amount of our taxation is so minimal.

Please feel free to contact me directly if you have any questions. Thank you.

Nonprofit organizations do not automatically qualify for exemption from sales tax for organizational purchases. Organizations that make application to the Department of Revenue and are determined to be exclusively religious, educational, or charitable, receive an exemption identification number (an "E" number). See 86 Ill. Adm. Code 130.2007. This number evidences that the Department recognizes the organizations as exempt from incurring Use Tax when purchasing tangible personal property in furtherance of their organizational purposes. If an organization does not

have an E number, then its purchases are subject to tax. Please be aware that only sales to organizations holding the E number are exempt, not sales to individual members of the organization.

Organizations that have E numbers are also allowed to engage in a very limited amount of retail selling without incurring Retailers' Occupation Tax liability. These limited amounts of selling are described in 86 Ill. Adm. Code 130.2005(a)(2) through (a)(4). An exempt organization may engage in sales to members, noncompetitive sales, and certain occasional dinners and similar activities (two fundraisers a year, which could include a book sale fundraiser) without incurring Retailers' Occupation Tax liability. However, if the organization engages in ongoing selling activities (such as Little League concession stands or sales of items in a thrift shop run by a church), it must register with the Department as a retailer and provide its suppliers with Certificates of Resale for the items it sells.

Taxpayers can be authorized by the Department to file quarterly or annual returns if provisions for filing quarterly (average monthly liability does not exceed \$200) and annually (average monthly liability does not exceed \$50) are fulfilled. These provisions are described in 86 Ill. Adm. Code 130.502 and 130.510, respectively. The decision to permit quarterly or annual filing will be based on the taxpayers' average monthly liability during the first year of registration and, unless authorized or required to file on a quarterly or annual basis, all taxpayers are required to file monthly returns. Please also note that all taxpayers must file a return for every reporting period even if they have not received any gross receipts rendering them liable for payment of the tax. See 86 Ill. Adm. Code 130.545.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at [www.revenue.state.il.us](http://www.revenue.state.il.us). If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b).

Very truly yours,

Gina Roccaforte  
Associate Counsel

GR:msk  
Enc.